

**Project Completion Report**

**Ghana Agricultural Inputs Markets Development Project (GAIMs)**

**Technical and Business Training for Agricultural Input Dealers  
and Importers in Ghana**

**October 2002 – September 2004**

**Submitted by**



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## **Acronyms and Abbreviations**

AAG	Agrochemicals Association of Ghana
AFAMIN	The African Agricultural Market Information Network (an IFDC program)
APFOG	Apex Farmers Organization of Ghana
FAO	Food and Agriculture Organization of the United Nations
CPP	Crop Protection Product
COCOBOD	Cocoa Marketing Board of Ghana
CRIG	Cocoa Research Institute of Ghana
DGIS	Netherlands Ministry for Development Cooperation
EPA	Environmental Protection Agency of Ghana
FASEPE	Favorable Socio-Economic and Policy Environments for Investments in Soil Fertility Management (IFDC regional project funded by the Dutch government)
FBOs	Farmer Based Organizations
GAIDA	Ghana Agricultural Input Dealers Association
GAIMs	Ghana Agricultural Inputs Markets Development Project (USAID/IFDC project)
GTZ	German Agency for Technical Cooperation
IFDC	An International Center for Soil Fertility and Agricultural Development
ISFM	Integrated Soil Fertility Management
km	kilometers
MDPI	Management Development and Productivity Institute
MIR	Marketing Inputs Regionally (IFDC regional project funded by the Dutch government)
MISTOWA	Strengthening Networks for Market Information Systems and Trade Organizations in West Africa (IFDC regional project funded by USAID/WARP)
MOFA	Ministry of Food and Agriculture
MOU	Memorandum of Understanding
mt	metric tons
NGO	Non-Governmental Organization
OIC	Opportunities Industrialization Center
OJT	On-the-Job Training
PR	Public Relations
SME	Small and Medium Enterprises
TA	Technical Assistance
TIPCE	Trade and Investment Project for Competitive Export (USAID/Ghana project)
USAID	United States Agency for International Development
WARP	West Africa Regional Program (USAID)

# **Technical and Business Training for Agricultural Input Dealers and Importers in Ghana**

## **Executive Summary**

In September 2002, USAID Ghana awarded IFDC a 1-year grant of \$585,000 to implement a project entitled Ghana Agricultural Inputs Markets Development—Technical and Business Training for Agricultural Input Dealers and Importers in Ghana (GAIMs). The project purpose was to set the stage for development of competitive agricultural input marketing systems, which would improve smallholder access to improved inputs and the technologies they embody. A completion report on the first phase was submitted to USAID in October 2003.

Based on GAIMs performance, USAID Ghana agreed to extend the project for a second year and provide additional grant funds of \$300,000. The primary objective was to train additional dealers and build their capacity to provide extension services to sub-dealers and farmers; to strengthen the infant input dealer trade association formed in July 2003; and to serve as a bridge to the new mission project for agricultural development. The secondary objective was to train public sector extension agents to stimulate demand for inputs at the farm level.

This project completion report describes the activities and results of the 1-year extension phase (October 2003-September 2004). The report also summarizes the overall accomplishments of GAIMs and the lessons learned relevant to implementing the proposed USAID Ghana project, called Trade and Investment Project for Competitive Export (TIPCE), expected to begin in late 2004; and to the USAID/WARP (West Africa Regional Program) project to strengthen Market Information Systems and Trade Organizations in West Africa (MISTOWA), which was awarded in September 2004 to IFDC to implement.

### **GAIMs had four major objectives:**

1. Create a cadre of agro-input dealers with effective technical and business know-how.
2. Increase competition at all levels to improve efficiency in the input markets.
3. Expand the input retail network into selected rural areas to increase farmer access.

4. Establish an association of agro-input dealers to help sustain the work of the project.

The **key activities** executed under GAIMs included:

- Eleven 4-day residential classroom type trainings.
- Eleven on-the-job trainings - technical assistance was provided to dealers in their shops.
- Three 3-day advanced trainings in business management and marketing.
- Support for the establishment of ten regional associations and a national association of agro-input dealers by providing training in organization, planning, and advocacy.
- Hiring an executive secretary to manage the day-to-day activities of the associations.
- Commissioning an independent sample impact survey at the project close.

The GAIMs project directly supports the USAID Mission's Country Strategic Plan launched in mid 2003, especially **SO 6.2 and IR 6.2.2** (Integration of Smallholder Agriculture in the Supply Chain of Agro-Processing and Export Markets Increased). Specific results include:

- Trained a cadre of 420 agro-input dealers (compared with the project target of 195).
- Trained 60 public sector agricultural extension agents (compared to the target of 50).
- Increased competition and reduced transaction costs at the import, wholesale, and retail levels by encouraging seven more dealers to import, six wholesalers to improve efficiency and business, and retailer networks to open 389 new shops in rural areas.
- The project-trained dealers serve an estimated 260,000 farmers. According to the same independent sample impact survey, 88% of farmers interviewed in the project areas said that agro-inputs are now more accessible than when the project started.
- The independent survey also indicated that customers of project-trained dealers reduced their travel distance/cost by 24% in 2004 compared to 2003.
- In collaboration with TechnoServe, promoted production of quality protein Mamaba maize seeds (32 mt increase) and the use of high analysis fertilizers to improve nutrient cost value.
- Farmers surveyed had increased their purchases this year of modern inputs for maize, rice, and cowpeas by about 11%, 15%, and 26%, respectively, and their output by 176%, 155% and 69% for those crops, respectively, compared to 2003.
- Increased the growth of private sector-led agribusiness and use of improved agro-inputs.

- Fertilizer imports for Ghana nearly doubled from 31,000 mt in 2002 to 61,000 mt in 2004. The survey indicated that the 85 trained dealers in 2003 increased their sales of fertilizer, CPPs, and seeds from \$89,501 in 2003 to \$124,421 by June 2004. The 335 dealers trained in 2004 are expected to do as well. By conservative estimates, farmers in 2005 will likely purchase an additional \$9 million in agro-inputs from GAIMs client dealers.
- Heightened dealer and farmer awareness about the importance of natural resource management and the dangers of adulterated, improperly applied, and unsafe inputs.

The project contributed to **IR 6.2.3** (business associations provide effective services to members) by:

- Supporting the building of ten regional and a national association of input dealers (GAIDA), with a membership of 505 as of September 2004. The members pay dues and generated income of \$34,797. Too new to be financially self-sustaining, GAIDA can be an important voice for policy and institutional reform and public-private dialog (IR 6.1.3).
- Linking the project with the IFDC AFAMIN system, which provides timely agro-input and other market information to dealers and farmers.
- Initiating a project newsletter that will be continued by GAIDA.
- Producing video and other media placements to develop brand name recognition for GAIDA and its members. Members proudly display their GAIMs graduation certificates.
- Training trade association members to provide extension and advisory services that are superior to other dealers, according to 83% of the farmers surveyed.
- Building capacity of business service providers who will continue with training after the project. GAIMs engaged two consulting/training firms (MDPI and AA&K Consulting Services), and 8 independent consultants/trainers for a total of 22 person months.

Problems encountered and **lessons learned** relevant to TIPCE and MISTOWA include:

- Critical to success of the project was the close collaboration with the IFDC implemented Dutch-funded FASEPE and MIR projects, Ghana MOFA and EPA, the GTZ seed programs, and others that enabled the project to leverage buy-ins and matching contributions of \$120,000 and a total cost share of \$267,000, a rate of 30%.

- With so much history of projects that subsidize services, it is difficult to convince agro-entrepreneurs and farmers to pay for training, technical assistance, market information, and trade association membership and services, even when they recognize the benefits to their business. GAIDA, for example, has not yet been able to generate self-sustaining revenue from dues and other sources, although the project did instill those concepts.
- Agro-input dealers and agribusinesses in general are wary of disclosing sales, profit, and other confidential information because of concerns about competition, taxes, etc. Projects have to build trust and devise ways to protect proprietary information when gathering it for project performance monitoring and reporting purposes.
- Limited and difficult access to credit and finance is a significant constraint on agribusiness. Agro-entrepreneurs have little confidence in the banking system and vice versa. TIPCE will need to address this problem on many fronts to release the flow of needed capital.
- The initial success and lessons of GAIDA indicate that trade associations are an effective channel for developing commodity chains and clusters, markets, vectors for business training and technology transfer to farmers, and public-private dialogue for policy reform.
- Continued work with agro-input dealers as extension agents and expansion of the agro-input markets and technology adoption is critical to the success of TIPCE so that the quantity, quality, and reliability of production meet the market demand and competition.

# **Technical and Business Training for Agricultural Input Dealers and Importers in Ghana**

## **I. Objectives and Activities of the GAIMs Project**

In September 2002, USAID Ghana awarded IFDC, an International Center for Soil Fertility and Agricultural Development, a 1-year grant of \$585,000 for a pilot project to develop agricultural input markets in Ghana. In September 2003, the USAID Mission agreed to extend the project for another year and increase the total grant amount to \$885,000. The project was entitled Ghana Agricultural Inputs Markets Development - “Technical and Business Training for Agricultural Input Dealers and Importers in Ghana,” with the acronym of GAIMs. The purpose, as the title states, was to train and develop a cadre of agro-input dealers so they would expand their business. The goal of GAIMs was to improve smallholder farmer access to improved quality seeds, fertilizers, and crop protection products (CPPs) as a result of the improved supply network.

GAIMs was designed to accomplish four main objectives:

1. Create a cadre of agro-input importers and distributors with adequate technical and business knowledge.
2. Increase competition at the import, wholesale, and retail levels to improve efficiency in the input markets.
3. Expand the input retail network into the rural areas as they develop their markets, thereby increasing farmers’ access to critical inputs.
4. Support the creation of a strong national trade association of input dealers to sustain the project work and develop a voice for policy reform.

The main activities undertaken by the IFDC team under the GAIMs project included:

- Eleven 4-day residential classroom-type trainings held at 8 locations in 6 regions. The regional distribution of the trainings was: Greater Accra (1), Eastern (2), Ashanti (3), Brong Ahafo (2), Central (1) and Northern (2). Four modules were developed for the generic classroom training: Managing Your Business, Knowing Your Products and Services, Winning and Maintaining Customers, and Financing Your Business.



- Eleven regional on-the-job training (OJT) visits. Teams comprised of consultant trainers, regional staff of the Ghana Environmental Protection Agency (EPA) and staff of GAIMs visited trained dealers at their shop levels to provide them with technical assistance (TA) and on-the-job training.
- Three 3-day advanced trainings in business management and marketing were provided to selected trained dealers who demonstrated greater potential to create maximum business impact from the training. The advanced course provided in-depth knowledge of some of the topics treated during the general course. It also increased emphasis on analyzing marketing opportunities, pricing of goods and services, and proper record-keeping.
- Support for the establishment of ten regional and one national association of agro-input dealers, including provision of office space and secretarial facilities, hiring an executive secretary for one year, and funding the National Executive Committee (NEC) meetings.
- Other areas of trade association development such as: providing platforms during training sessions to the regional executives of the association to mobilize membership, building the capacity of executive committee members in policy advocacy, strategic planning, and organizing and cost sharing of the official launching of the national association (GAIDA).
- Four newsletters in mid-2004 to inform key stakeholders of progress of the project, highlight forthcoming programs, and improve market transparency. The agro-input dealers trade association will take over their production.
- Collaboration with the Government of Netherlands-funded FASEPE and MIR projects, MOFA, EPA, and GTZ to leverage funding and impact. Other partners included: TechnoServe, Agrochemicals Association of Ghana (AAG), and Crop Life Africa.
- Commissioning an independent survey in September 2004 to assess the impact of the project on smallholder farmers and on the business of the client dealers and their sub-dealers. The survey was outsourced to two expert staff of MOFA, who in turn engaged extension agents in the project areas to do the interviews and complete the questionnaires. (IFDC and MOFA signed an MOU in April 2004 to work together in agriculture.)
- Linked project clients with the IFDC African Agricultural Market Information Network (AFAMIN) and encouraged clients to provide reliable input price and other data to MOFA enumerators for onward transmission to the statistical department for processing and then posting on the AFAMIN website. The program contributes to market transparency, an essential ingredient in the development of competitive markets.

## II. Project Performance and Accomplishments

The quarterly reports to USAID provide details on project activities. IFDC submitted an end of year report in October 2003 that described the performance and accomplishments during FY 2003. This chapter reports on the work plan for FY 2004 and highlights the overall activities and performance of the 2-year project compared to the targets. The following chart summarizes the agreed upon results indicators, which are elaborated below.

### Summary Data on Project Objectives, Targets, and Achievements

Objective	Target	Achievement	Remarks
<b>Create a cadre of agro-input SMEs with adequate technical and business knowledge in input business</b>	o Train 195 dealers	o Trained 420 dealers	Achievement rate of 215%
	o Reach 660 sub-dealers	o Reached 1260 sub-dealers	190 % rate of achievement
	o Serve 264,000 farmers	o 403,200 farmers are being served	Achievement rate of 153%
	o Farmers to use 35,640 mt of fertilizers	o 54,432 mt. of fertilizer will be used by farmers	Sales by 85 dealers in 2004 of 12,115 mt, about 20% of all imports. Government accounts for half of imports
	o Produce 190,080 mt of maize	o Maize expected to be 290,304 mt.	Achievement rate of 150%
	o 39 dealers to access bank credit	o 45 dealers have accessed bank loans	Achievement rate of 115%.
	o Dealers expanding business by 10%	o Avg. sales of clients increased from \$32,111 to \$59,000	84% expansion in business
	o Lower transaction costs of inputs	o Travel distance was 38 km; now 28 km.	Transaction costs 24% lower
<b>Increase competition at all levels to improve efficiency in the input markets</b>	o 10 new wholesalers	o 12 new wholesalers	Achievement rate of 120%
	o 10 new importers	o 12 more importers	Achievement rate of 120%
	o Train 175 retailers	o Trained 396	Achievement rate of 226%
<b>Expand the input retail network into the rural areas to increase farmer access to critical inputs</b>	o Open 390 new rural retail shops	o 389 shops opened by 85 dealers. The 335 newly trained will open 670 more.	Overall achievement rate will be about 271.5%
	o Increase outreach to 585 sub dealers	o 1260 sub dealers will be reached	215.4% achievement rate
<b>Support the building of a strong national association of input dealers</b>	o Establish a national association with 220 dues paying members	o A national association with 505 dues paying members formed	Achievement rate was 229.5%

## **A. Training of Dealers and Extension Agents**

The project conducted a total of 11 formal training programs. Nine training events were planned—3 for the first year and 6 for the second. Three trainings were undertaken in the first year. After the sixth training in the second year, there were more than 100 dealer applications pending. Consequently, two additional trainings were conducted to satisfy the extra demand.

The increased demand in the second year was largely attributed to: (a) the interest of the Ghana EPA, which is the regulator of the inputs trade and licenser of dealers. EPA indicated that training such as that conducted by the GAIMs project would be a prerequisite for obtaining a license to be an input dealer, and (b) the increased sales being generated by the dealers trained by GAIMs in the first year due to more effective marketing strategies and value-added advisory services to farmers was noticed by other dealers in the market place.

A total of 420 dealers were trained compared to the target of 195. In the first year, 85 were trained against the target of 60 dealers. During the second year 335 dealers were trained versus the target of 135. The remarkable achievement of more than doubling the goal was largely made possible by: a) collaboration and cooperation with GTZ, EPA, MOFA, FASEPE, and MIR that enabled the inflow of additional resources (human, financial, and logistical); and b) excess demand for training by dealers as mentioned above. The regional distribution of trained dealers is described in Attachment 1.

- The project design called for a target of 660 sub-dealers to be trained by project graduates. The dealers trained actually provided onward training to 1260 sub dealers.
- The target for training of extension agents was 50. At the end of the project, 60 extension agents had been trained. Attachment 1 also lists the regional distribution of extension agents

## **B. Trade Association Development**

IFDC has designed a proven model for developing agro-input markets that in the second stage focuses on the establishment of agro-input dealer trade associations as an effective means to build and sustain private sector capacity. The strategy for GAIMs in year two was to support ten regional associations and to develop a national association of input dealers. The proposed

target was a membership of 220 dues-paying dealers by the end of the project. In actuality, GAIDA now has a membership of 505 dues-paying registered members, more than double the target. The regional distribution of membership is described in Attachment 2.

The key reasons for such success in the growth of GAIDA from 64 members when it was launched in July 2003 to the 505 members in September 2004 included: i) intensive personal effort by the elected leaders in the Executive Council in mobilizing new membership, ii) preparation of the Executive Council members by the project so they could convincingly espouse the benefits of joining a national trade association, iii) the existing regional associations were mostly moribund and were persuaded to join the national association so they could better serve their members.

### **C. Service to Farmers**

According to information provided by the dealers, the 85 trained in 2003 serviced 258,894 farmers in 2003/4. Each project client dealer and their sub-dealers served an average of 3450 customers. They and the first batches of trained dealers in 2004 are expected to serve over 400,000 farmers in 2004/5. The 420 trained dealers and their networks are projected to supply input and technology transfer services to about 1.5 million farmers in the future. The project printed and provided to dealers 2,000 technology pamphlets and posters on key inputs to educate farmers on the importance of inputs and recommended application rates.

### **D. Public Relations and “Brand” Identification**

In order to enhance the visibility of the project messages regarding agro-input market development and recognition for the trained dealers with quality products and services, and the trade association, the project worked to make the media a project partner and undertook a variety of public relations activities. In 2003 these included:

- Distributing 2000 brochures on the project objectives.
- Organizing an official launching of the project with key stakeholders in attendance.
- Producing a documentary video to educate stakeholders about the project. The professionally made video was also used as a teaching aide and as part of GAIDA’s membership mobilization drive. The video has been updated to include the second graduation ceremony, interviews, and the launching of GAIDA.

- Arranging nationwide television coverage of the first graduation ceremony for 85 dealers.
- Publishing a GAIMs journal at the end of the first year of implementation. The journal depicted the key activities of the project, including scenes of training workshops, OJT, the first graduation ceremony of dealers, and the participating dignitaries such as the Minister for Food and Agriculture and the U.S. Ambassador to Ghana.

Toward the same objectives, the main project/GAIDA awareness activities in 2004 included:

- Distribution of 500 copies of monthly newsletters from April through September for circulation to trained dealers, USAID, program partners, key importers, and others. The main purpose of the newsletter was to inform stakeholders of project progress, highlight forthcoming programs, and improve market transparency. Each newsletter included a “tip of the month” feature to emphasize an important topic related to input market development, and world market price trends of key fertilizers. The newsletter thus served as public relations instrument and follow-up teaching aide to the dealers. The newsletters were posted at the Ghana site on the AFAMIN website ([www.afamin.net](http://www.afamin.net)) for wider readership.
- Organizing three radio discussions and advertisements to herald the graduation of dealers and the official launching of GAIDA. The members of GAIDA paid all the promotional expenses relating to the second graduation, which was also telecast nationwide on September 27, 2004.

### **III. Project Impact**

In order to help assess the economic impact of the project, IFDC commissioned an independent survey in September 2004. The survey was based on similar ones used by IFDC in other USAID-funded projects. The survey and questionnaire were designed with MOFA, as part of the ongoing collaborative efforts between IFDC and MOFA in developing Ghanaian agriculture. Two senior officials of MOFA organized the survey with trained extension agents in areas where the project dealer clients are doing business. Impact was assessed from the perspectives of dealers, sub-dealers, and farmers. Due to time and budget constraints, the survey

sample and scope was limited and did not attempt to include environmental impact, for example, or the extent that the sale of fake and adulterated products had been reduced.

The MOFA team randomly selected 25 of the 85 dealers trained in 2003 to interview for the impact survey. Enumerators stationed at the respective shops of the 25 dealers randomly interviewed an average of 10 customers for each dealer, for a total sample of 258 farmers. The survey used trends in sales volume/value of fertilizer, seeds, and CPPs as a proxy to measure the impact of the training on the businesses of agro-input dealers in Ghana. The impact on farmers was examined by estimating the percentage changes in area under cultivation, output levels, and expenditure on agro-inputs on selected crops.

Thanks in part to the work of the project, private sector agro-input markets grew and farmers used more agro-inputs. Imports and use of fertilizer imports for Ghana increased from 31,000 mt in 2002 to 48,000 mt in 2003 to 61,000 mt in 2004. The MOFA survey indicated that the dealers trained by the project substantially increased their sales of fertilizer, CPPs, and seeds from \$89,501 in 2003 to \$124,421 by June 2004. (Average sales of fertilizer, CPPs and seeds had decreased from \$93,048.34 in 2002 to \$89,501.59 in 2003.)

- The 335 dealers trained in 2004 are expected to do as well. By conservative estimates, farmers in 2005 will likely purchase an additional \$9 million in agro-inputs from GAIMs trained dealers. The extension agents trained with the dealers in 2004 will stimulate demand for inputs by providing uniform and accurate technical messages.

Farmers surveyed increased their purchases of modern inputs in 2004 for maize, rice, and cowpeas by about 11%, 15%, and 26% respectively; and their output by 176%, 155%, and 69% for those crops, respectively, compared to 2003. (Farmers also increased their expenditures for poultry feed by 19%.) The farmer customers in 2004 had increased their acreages of cocoa (22.5%), maize (12%), rice (13%), and cowpeas (42%), but had decreased areas planted in tomatoes, peppers, onions, and millet.

The survey indicated that 88% of the farmers interviewed now have better access to agro-inputs. The average distance traveled by farmers during 2003 to purchase agro-inputs was 38.5 km and took 72 minutes. During the 2004 season, the average distance traveled was reduced to

27.6 km taking an average of 58 minutes. The increased number of dealers and outlets in rural areas has improved competition and lowered transaction costs. However, 74% of farmers complained that inputs have become more expensive due to higher world prices.

In terms of the private sector extension services and technology transfer rendered by trained dealers, 83% of surveyed farmers ranked the services of project clients as better, while the rest perceived it as the same as those of other dealers. Farmers reported that correct application and use of agro-chemicals (71.8%) was the most important information provided.

### **Other Impacts**

The project helped GAIDA establish linkages with APFOG, TNS, ADRA, MOFA, and GAPTO that will foster sustainability and mutually reinforce value-added impact on agricultural development in the country. For example, the newly launched Apex Farmers Organization of Ghana (APFOG), with IFDC support, will stimulate business ties between farmer-based organizations and GAIDA members. The projected production of about 32 mt of QPM/Mamaba seed maize as a result of a joint GAIMS effort with TechnoServe will spread the use of high yielding seeds that are also environmentally friendly. ADRA is working in tree crop development (e.g., citrus, mangoes), and the GAIDA linkage will encourage more use of improved agro-inputs, and thus increased production and quality. GAIDA has access to the policy makers, regulators, and the project development initiators in MOFA, which will encourage more public-private dialog and reform.

To capitalize on and scale up the achievements of the project in the first year, IFDC adopted a strategy of forming strategic alliances and cost sharing that leveraged matching support of \$267,000. This enabled the project to exceed its targets despite the reduced amount of the USAID grant funds available for the second year. Key partners and collaborators brought on board were: MOFA, GTZ, EPA, TechnoServe, AAG/Croplife, and the IFDC-implemented, Dutch-funded FASEPE and MIR projects. (These projects and donors contributed over \$120,000 in cash and kind.) Memoranda of Understanding (MOU) were developed to define the respective roles and ensure complementarity and avoid duplication of effort. It is noteworthy that the significant achievements, particularly the number of dealers trained, would not have

been possible without the support (financial, human, logistical, and technical) from the above-mentioned development agencies. Attachment 3 describes the cost sharing arrangements.

The GAIMs project was designed to maximize the use of local expertise and build the capacity of the staff and local business service providers. An expatriate Resident Advisor was assigned for 10 months to establish the project and train the staff. Thereafter, IFDC Headquarters in the U.S. and the Africa Division in Lomé provided management and technical support on a short-term consultancy basis. Otherwise, Ghanaians had the main role in managing and implementing the project.

With overall guidance from IFDC, Ghanaians conducted most of the training and OJT. GAIMs contracted local experts and SME trainers for a total of 22 person months at a cost of \$53,470. They included: 5 senior management staff of MDPI hired as core trainers for the first year; AA&K Consulting Service for the baseline survey; Dr. P.A. Kuranchie, K.A. Quainoo, Nana Asantewaa Boateng, Samuel Adjei-Akpor, J.C. Edmund, Aaron Vuha, Abena Otu, Afia Darkwa-Amanor, Dr. Asiedu, Michael Onwona-Kwakye, Samuel Yao Adzivor, Seth Obeng Frimpong, and MOFA Resource Persons for the impact survey. The involvement of local experts in the training program will facilitate the provision of similar trainings to agro-input dealers in the future. They will serve as a resource for other agribusinesses and projects.

#### **IV. Sustainability**

GAIDA members perceive tangible benefits from their association, including training services, and bulk procurement of business licenses from the EPA, with its attendant reduced transaction cost. Although GAIDA is still in the nascent stage, the likely scenario is that the trade association will retain sufficient membership for critical mass and will promote strategies that ensure its existence and independence. GAIDA seems committed to good corporate governance and strict adherence to democratic principles in electing executives. Prominent among the methods planned for self-financing are: payment of registration fees, monthly dues, common levies, and special fund-raising events.



GAIDA has grossed a total of \$11,099 from member registration fees, which are fixed at \$22. Membership dues are \$2.20 per month. According to the GAIDA constitution, 40% of the registration fees are retained at the regional level with 60% transferred to the national secretariat to meet operational expenses. Dues are fully retained at the regional level. At the present time, 60% of the registration fees can barely cover the salary of the executive secretary, rent, utilities and incidental office expenses. Thus it is critical that GAIDA generate revenue from other sources.

As part of the nurturing process, the GAIMs and FASEPE projects substantially covered the operational expenses of GAIDA for its first year. GAIMs provided office accommodation and equipment. FASEPE's total financial outlay to GAIDA for the first year was \$20,000 and GAIM's contribution was about \$5,000. The strategy was to ensure that GAIDA would have the revenues it raised as a reserve to help cover the first year after the project ended.

GAIDA appealed to donors to support its launching on September 15, 2004. They responded with a total of \$5,400. GAIDA raised a total of \$10,370 from personal levies on members and the sale of T-shirts. GAIDA had a bank account balance of about \$8,000 at the end of the project.

Towards its membership and self-financing strategy, GAIDA plans to undertake the following:

- Continue to conduct the training activities that GAIMs initiated, using the modules and the local trainers developed by the project. The aim is to attract more, qualified members.
- Charge fees to recover costs of the training programs.
- Increase registration fees and dues over time.
- Continue to solicit support from donors.
- Establish a credit union for the association to provide micro financial services to members.
- Acquire an office and engage the services of an office assistant and a funds manager.

## **V. Lessons and Implications for the Future**

The regional MISTOWA and the Ghana TIPCE projects will be coming on stream just after the GAIMs project ends. Lessons, best practices, and insights from the implementation of GAIMs will no doubt be of some value for the new and other ongoing projects in Ghana and the region. MISTOWA aims to increase regional agricultural trade and food security by strengthening and linking the existing market information systems and trade organizations in the region so that they generate and make commercial use of good market information. TIPCE, among its objectives, intends to foster the integration of smallholder agriculture into the commodity chains for agro-processing and export markets. The pilot work of GAIMs will contribute to those projects and complement the ongoing regional MIR project, which supports the development of an efficient, competitive, and integrated agricultural input market in West Africa to increase crop production.

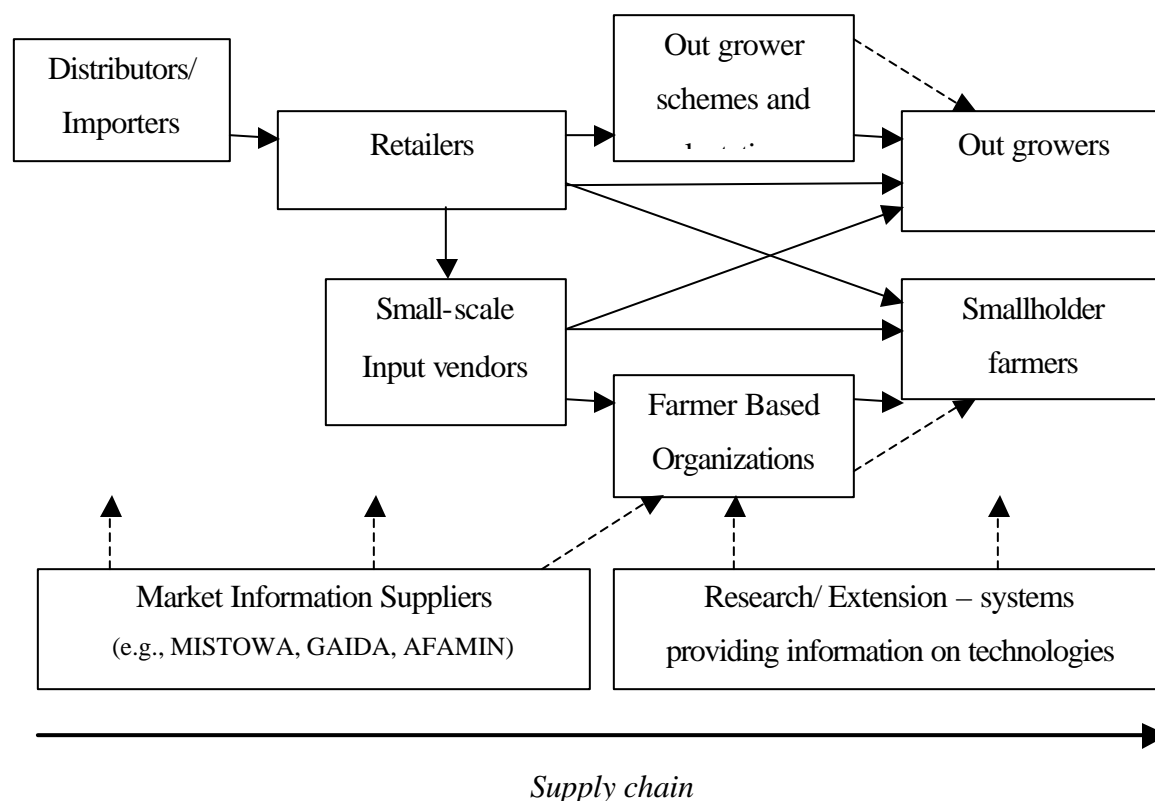
Key lessons learned from GAIMs include:

- Trade associations are effective and workable channels in Ghana in which to develop sub-industry commodity chains; provide training, private sector extension services, and linkages; organize advocacy for policy reform; improve access to credit and markets; and engender ownership that will improve implementation of projects and sustain their work.
- As the project-trained agro-input dealers demonstrated, Ghanaian agro-entrepreneurs understand the long-term benefits to their business of improving efficiency and providing value-added services and quality products to their farmer customers.
- Cost-sharing and user fees are difficult concepts to introduce among agribusiness clients, but they will join associations and pay dues and training fees if the benefits are tangible.
- It is difficult to obtain sales and other data from traders; but as GAIMs has demonstrated, it is possible if trust is developed over time and confidentiality is assured.
- Collaboration and cooperation between development organizations in Ghana is possible and clearly minimizes duplication of efforts, enhances cost sharing, and leverages buy-ins.
- The ongoing work in Ghana by other IFDC programs with integrated soil fertility management, producer organizations, and the Apex Farmers Organization can help TIPCE.
- It makes economic sense for donor programs to engage the qualified business training and other service providers in the country and build their capacity to sustain training and TA.

- Agro-input dealers can be a valuable source of information for farmers on proper practices, and in effect serve as extension agents to complement the services provided by the MOFA.

**TIPCE and MISTOWA should continue to support GAIDA** because the members can develop the agro-input markets and technology transfer that are critical to helping farmers respond to market opportunities for increased production and trade. GAIDA can also share its experiences with other trader and producer associations in association building and in expanding market information systems, as GAIDA members have been doing for AFAMIN.

GAIDA members can help in the development of commodity chains to enhance regional agricultural trade, for example, by linking them with producer groups in the respective zones for the supply of agricultural inputs (seeds, fertilizers, CPPs, farm tools, etc.), needed by the producers for increased output and export. The diagram below depicts how GAIDA fits into the supply value chain that integrates input supply and information for farmers.



The small number of dealer trainees who were computer literate were excited about AFAMIN and market information systems generally, and, in particular, the possibilities to trade on the website. Unfortunately, the majority of dealers neither had their own computers nor

convenient access to Internet services. Thus, TIPCE and MISTOWA will have to find innovative ways to enable agricultural players to benefit from the trade enhancing power of MIS.

### **Policy and Regulatory Issues**

In addition to the training provided to GAIDA members in business and their role in technology transfer to smallholder producers, the GAIMs project made the association aware of its potential role in policy advocacy, especially when allied with other agricultural trade associations and groups. GAIDA did not focus on policy reform issues because of the necessary preoccupation in its first year with membership mobilization, governance, and financial mobilization. However, it has served notice to MOFA and EPA that some policy and regulatory measures should be taken to curb the sale of adulterated, fake and expired inputs; non-adherence to truth in labeling, of pesticides in particular; and short weight of bags of fertilizers.

The business environment for agro-input market development faces policy, fiscal, financial, and technical constraints that need to be addressed if the input markets in Ghana are to function efficiently. TIPCE and MISTOWA can work with GAIDA in this endeavor. A key policy constraint to private sector expansion of agro-inputs markets is the government control of inputs for cocoa through the COCOBOD, which has a monopoly for the marketing of cocoa and the quasi-private Cocoa Inputs Company, through which inputs are procured and sold to cocoa farmers at subsidized prices. This practice has constricted private agro-input dealers in the cocoa growing areas. The government in effect imports half of all Ghana's fertilizer for cocoa farmers.

The inability of Government to achieve balanced budgets or work strictly within budgetary estimates generates inflationary pressures on the economy and higher nominal prices for inputs. This reduces the effective demand of farmers for inputs and discourages investment by dealers. It is extremely difficult for farmers, and agribusiness generally, to gain access to credit and finance due to their perceived high credit risk by bankers. This also constricts demand for agro-inputs by farmers. Public extension service delivery is sub-optimal due to low salaries and incentives for civil servants, further inhibiting the transfer of technology and incentives for farmers to use modern inputs. TIPCE might want to design incentive packages for trained extension agents to stimulate demand for inputs by farmers to achieve the higher productivity and quality needed.

**Attachment 1. Regional Distribution of Trained Dealers and Extension Officers**

<b>Region</b>	<b>No. Trainees</b>		<b>No. Trainees (Total and Percentage)</b>		<b>No. of Ext. Agents - 2004</b>	<b>% of Total</b>
	<b>2003</b>	<b>2004</b>	<b>Total</b>	<b>Percentage</b>		
ASHANTI	17	93	110	26	11	18
BRONG AHAFO	17	76	93	22	12	20
CENTRAL	1	41	42	10	6	10
EASTERN	8	22	30	7	5	8
GT ACCRA	9	32	41	10	5	8
NORTHERN	10	10	20	5	7	13
UPPER EAST	11	9	20	5	1	2
UPPER WEST	8	9	17	4	2	2
VOLTA	2	15	17	4	5	8
WESTERN	2	28	30	7	6	10
<b>TOTAL</b>	<b>85</b>	<b>335</b>	<b>420</b>	<b>100</b>	<b>60</b>	<b>100</b>

## Attachment 2. Regional Distribution of Registered GAIDA Members

Region	Number
Greater Accra	40
Central	44
Eastern	41
Western	49
Volta	17
Upper West	17
Upper East	21
Ashanti	157
Brong Ahafo	98
Northern	21
<b>TOTAL</b>	<b>505</b>

Income Generated	Cedis (¢)*
Reiss & Co	2,500,000
Calli Ghana	8,100,000
Chemico	10,000,000
Wienco	2,500,000
MOFA	5,000,000
Kurama	1,000,000
APDF	20,000,000
<b>TOTAL</b>	<b>49,100,000</b>

### Launching/Graduation Levy

Region	Number	Amount
Central	32	4,800,000
Upper West	11	1,650,000
Upper East	22	3,300,000
Northern	11	1,650,000
Western	32	4,800,000
Gt. Accra	19	2,850,000
Eastern	33	4,950,000
Ashanti	89	13,350,000
Volta	12	1,800,000
Brong-Ahafo	41	6,200,000
<b>TOTAL</b>	<b>302</b>	<b>45,350,000</b>

### T-shirts and Caps

Total Cost	<b>49,000,000</b>
Cost of Items supplied to regions	<b>42,520,000</b>
Amount Collected	<b>23,260,000</b>

### Bank Balance

30<sup>th</sup> September 2004                      **¢ 72,805,803.02\*\***

\*1 USD = 9,006.47 GHC

\*\*\$8,083.72 USD

### Attachment 3. Funds Leveraged From Partners

TYPE	EXPENDITURE	PARTNERS										TOTAL
		GTZ	APDF	MOFA	FASEPE	MIR	EPA	CROPLIFE	TNS	ASSN	IFDC	
General Course	Resource Persons	3400										3400
-do-	Accommodation and meals			3191	10351			1211				14753
-do-	Transportation	900			3280	3280						7460
-do-	Training Materials					4355						4355
Advanced course	Resource persons	4350			4355							8705
-do-	Transportation	1200				960						2160
-do-	Accommodation and meals	1990			299							2289
-do-	Training materials	480										480
On-the-Job Training	Resource persons	4300										4300
On-the-Job Training	Transportation	2050			3760	3760	1800					11370
On-the-Job Training	Training Materials											0
IFDC Support	In-country office operations				10419	2400						12819
-do-	Staff support -External										38250	38250
-do-	Staff support -Local										14400	14400
-do-	AFAMIN services by SRID					2500						2500
-do-	Training of some dealers abroad				16000							16000
Technology Transfer	Demonstration Farms								23000			23000
Association Building	Registration Fees									11098		11098
-do-	Dues									13319		13319
-do-	Levies									4984		4984
-do-	Donations from key importers & others									5396		5396
-do-	Contribution towards training cost		8000							3511		11511
-do-	Income Foregone by trainees									14400		14400
	Investments in shops by K Badu, Obek, Agaaku, etc.									40 000		40000
<b>TOTAL</b>		<b>18670</b>	<b>8000</b>	<b>3191</b>	<b>48,464</b>	<b>17255</b>	<b>1800</b>	<b>1211</b>	<b>23000</b>	<b>92708</b>	<b>52650</b>	<b>266,949</b>